

VILLAGE OF PROVENCAL
ANNUAL FINANCIAL REPORT

JUNE 30, 2013

Village of Provencal
Financial Report
June 30, 2013

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Village of Provencal
Financial Report
June 30, 2013

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Village of Provencal

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2013

This section of the Village of Provencal's (hereafter referred to as the Village) annual financial report presents an overview and analysis of the Village's financial activities for the year ended June 30, 2013. The intent of the MD&A is to look at the Village's financial performance as a whole. It should therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the Village's operations.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

Government-Wide Financial Statements

- The Statement of Net Position presents all of the Village's assets and liabilities, with the difference between the two reported as "net position." Over time, increases or decreases in the Village's net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.
- The Statement of Activities presents information showing how the Village's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

Fund Financial Statements

The services provided by the Village are financed through a governmental fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Village conducts its day-to-day operations through a governmental fund, the General Fund, and a business-type activity, the Village's utility system.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	June 2013			June 2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSETS:						
Current Assets	\$58,577	\$ 25,953	\$ 84,530	\$55,226	\$ 38,298	\$ 93,524
Restricted Assets	0	46,627	46,627	0	36,456	36,456
Capital Assets, net of accumulated depreciation	<u>8,440</u>	<u>1,474,519</u>	<u>1,482,959</u>	<u>2,307</u>	<u>1,536,161</u>	<u>1,538,468</u>
Total Assets	<u>\$67,017</u>	<u>\$1,547,099</u>	<u>\$1,614,116</u>	<u>\$57,533</u>	<u>\$1,610,915</u>	<u>\$1,668,448</u>
LIABILITIES:						
Accounts/Other Payables	\$ 3,419	\$ 29,557	\$ 32,976	\$ 2,202	\$ 23,964	\$ 26,166
Customer Deposits Payable	0	23,670	23,670	0	22,477	22,477
Long Term Debt	<u>7,100</u>	<u>15,750</u>	<u>22,850</u>	<u>0</u>	<u>32,444</u>	<u>32,444</u>
Total Liabilities	<u>\$10,519</u>	<u>\$ 68,977</u>	<u>\$ 79,496</u>	<u>\$ 2,202</u>	<u>\$ 78,885</u>	<u>\$ 81,087</u>
NET POSITION:						
Net Investment in Capital Assets	\$ 8,440	\$1,458,769	\$1,467,209	\$ 2,307	\$1,503,717	\$1,506,024
Restricted for Debt Service	7,100	15,750	22,850	0	28,313	28,313
Unrestricted	<u>40,958</u>	<u>3,603</u>	<u>44,561</u>	<u>53,024</u>	<u>0</u>	<u>53,024</u>
NET POSITION	<u>\$56,498</u>	<u>\$1,478,122</u>	<u>\$1,534,620</u>	<u>\$55,331</u>	<u>\$1,532,030</u>	<u>\$1,587,361</u>

Summary of Statement of Activities

	June 2013			June 2012		
	Governmental	Business-Type		Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
REVENUES:						
Grants	\$ 0	\$123,381	\$123,381	\$101,102	\$ 37,203	\$138,305
Licenses & Fees	49,262	0	49,262	21,294	0	21,294
Charges for Services	0	238,882	238,882	16,771	182,975	199,746
Fines	2,957	0	2,957	1,576	0	1,576
Interest	209	121	330	258	839	1,097
Miscellaneous	1,161	0	1,161	890	0	890
Transfer-In	<u>0</u>	<u>6,000</u>	<u>6,000</u>	<u>10,500</u>	<u>400</u>	<u>10,900</u>
Total Revenues	<u>\$53,589</u>	<u>\$368,384</u>	<u>\$421,973</u>	<u>\$152,391</u>	<u>\$221,417</u>	<u>\$373,808</u>
EXPENSES:						
Public Safety	\$ 2,658	\$ 0	\$ 2,658	\$ 2,996	\$ 0	\$ 2,996
General Government	43,764	0	43,764	147,692	0	147,692
Public Works	0	419,022	419,022	0	285,322	285,322
Interest Expense	0	3,271	3,271	0	348	348
Transfer-Out	<u>6,000</u>	<u>0</u>	<u>6,000</u>	<u>400</u>	<u>10,500</u>	<u>10,900</u>
Total Expenses	<u>\$52,422</u>	<u>\$422,293</u>	<u>\$474,715</u>	<u>\$151,088</u>	<u>\$296,170</u>	<u>\$447,258</u>
Change in Net Position	<u>\$ 1,167</u>	<u>\$ (53,909)</u>	<u>\$ (52,742)</u>	<u>\$ 1,303</u>	<u>\$ (74,753)</u>	<u>\$ (73,450)</u>

Governmental Activities

- The Village's assets exceeded its liabilities by \$56,498 (net position) for the year. This is an increase of \$1,167 from the prior year.
- Unrestricted net position of \$40,958 represent the portion available to maintain the Village's obligation to both citizens and creditors. For the prior year, this was \$53,024.

Business Type Activities

The Proprietary Fund experienced a net loss of \$53,909 for the year. For the prior year, the loss was \$74,753.

General Fund Budgetary Highlights

The Village adopted a budget for the General Fund for the 2012/2013 year, however, the actual expenditures were more than budgeted expenditures by \$3,765.

Economic Factors and Next Year's Budget

The Village has prepared its FY 2013/2014 budget for the General Fund on the assumption that revenues and expenditures will remain fairly constant next year. Both revenues and expenditures for the Utility Enterprise Fund should also remain constant during the next year.

Contacting the Village

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Village at P. O. Box 400, Provencal, LA 71468.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Honorable Randy Dupree, Mayor
and Village Aldermen
Village of Provencal, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and the major fund of the Village of Provencal (Village) as of and for the year ended June 30, 2013, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Village's personnel. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information on pages 1 through 4 and 32, are presented only for purposes of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the *Governmental Accounting Standards Board*. The information included in the budgetary comparisons has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not

aware of any material modifications that should be made thereto. The information included in the Management's Discussion and Analysis has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the management's discussion and analysis.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated March 20, 2014, on the results of our agreed-upon procedures on page 34 through 36. Pages 37 through 40 present the Louisiana Attestation Questionnaire, our Management Letter and Management's Response.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

March 20, 2014

Natchitoches, LA 71457

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Village of Provencal
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$29,899	\$ 10,061	\$ 39,960
Revenue Receivable	0	15,892	15,892
Due from Other Funds	28,678	0	28,678
Total Current Assets	<u>\$58,577</u>	<u>\$ 25,953</u>	<u>\$ 84,530</u>
Noncurrent Assets:			
Restricted Assets:			
Customers' Account Deposits	\$ 0	\$ 16,206	\$ 16,206
Bond Covenant Accounts	0	30,421	30,421
Capital Assets (net)	8,440	1,474,519	1,482,959
Total Noncurrent Assets	<u>\$ 8,440</u>	<u>\$1,521,146</u>	<u>\$1,529,586</u>
Total Assets	<u>\$67,017</u>	<u>\$1,547,099</u>	<u>\$1,614,116</u>
LIABILITIES:			
Current Liabilities:			
Accounts/Other Payable	\$ 3,419	\$ 485	\$ 3,904
Accrued Interest Payable	0	394	394
Due to Other Funds	0	28,678	28,678
Current Portion of Long-Term Debt	0	8,000	8,000
Total Current Liabilities	<u>\$ 3,419</u>	<u>\$ 37,557</u>	<u>\$ 40,976</u>
Noncurrent Liabilities:			
Customers' Deposits Payable	\$ 0	\$ 23,670	\$ 23,670
Long-Term Debt	7,100	7,750	14,850
Total Noncurrent Liabilities	<u>\$ 7,100</u>	<u>\$ 31,420</u>	<u>\$ 38,520</u>
Total Liabilities	<u>\$10,519</u>	<u>\$ 68,977</u>	<u>\$ 79,496</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 8,440	\$1,458,769	\$1,467,209
Restricted for Debt Service	7,100	15,750	22,850
Unrestricted	40,958	3,603	44,561
Total Net Position	<u>\$56,498</u>	<u>\$1,478,122</u>	<u>\$1,534,620</u>

See accompanying notes and independent accountant's review report.

Village of Provençal
Statement of Activities
For the Year Ended June 30, 2013

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-Type Activities	
Governmental Activities:							
General Government	\$ 43,764	\$ 49,262	\$ 0	\$0	\$ 5,498	\$ 0	\$ 5,498
Public Safety	<u>2,658</u>	<u>2,957</u>	<u>0</u>	<u>0</u>	<u>299</u>	<u>0</u>	<u>299</u>
Total Governmental Activities	\$ <u>46,422</u>	\$ <u>52,219</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>5,797</u>	\$ <u>0</u>	\$ <u>5,797</u>
Business-Type Activities:							
Water/Sewer/Gas	\$422,293	\$238,882	\$123,381	\$0	\$ 0	\$ (60,030)	\$ (60,030)
Total Government	\$ <u>468,715</u>	\$ <u>291,101</u>	\$ <u>123,381</u>	\$ <u>0</u>	\$ <u>5,797</u>	\$ <u>(60,030)</u>	\$ <u>(54,233)</u>
General Revenues:							
Interest					\$ 209	\$ 121	\$ 330
Other					1,161	0	1,161
Transfer-In/Out					<u>(6,000)</u>	<u>6,000</u>	<u>0</u>
Total General Revenues					\$ <u>(4,630)</u>	\$ <u>6,121</u>	\$ <u>1,491</u>
Change in Net Position					\$ 1,167	\$ (53,909)	\$ (52,742)
Net Position June 30, 2012					<u>55,331</u>	<u>1,532,031</u>	<u>1,587,362</u>
Net Position June 30, 2013					\$ <u>56,498</u>	\$ <u>1,478,122</u>	\$ <u>1,534,620</u>

See accompanying notes and independent accountant's review report.

FUND FINANCIAL STATEMENTS

Village of Provencal
Balance Sheet-Governmental Fund
General Fund
June 30, 2013

ASSETS:

Cash and Cash Equivalents	\$29,899
Due from Other Funds	<u>28,678</u>
Total Assets	<u>\$58,577</u>

LIABILITIES:

Accounts Payable	\$ 3,419
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FUND BALANCE:

Unassigned	<u>55,158</u>
Total Liabilities and Fund Balance	<u>\$58,577</u>

See accompanying notes and independent accountant's review report.

Village of Provencal
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
June 30, 2013

Total Fund Balance for the Governmental Fund at June 30, 2013	\$ 55,158
Total Net Position reported for Governmental Activities in the Statement of Net Position is different because:	
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of:	
Land, Equipment, Buildings, and Vehicles	127,580
Less: Accumulated Depreciation	(119,140)
Long-term Liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Fund Balance Sheet:	
Long-term Debt	<u>(7,100)</u>
Total Net Position of Governmental Activities at June 30, 2013	\$ <u>56,498</u>

See accompanying notes and independent accountant's review report.

Village of Provencal
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund
For the Year Ended June 30, 2013

Revenues:	
Licenses, Fees & Charges for Services	\$49,262
Fines & Forfeits	2,957
Interest	209
Miscellaneous	<u>1,161</u>
Total Revenues	<u>\$53,589</u>
Expenditures:	
Current-	
General Government	\$42,897
Public Safety	2,658
Capital Expenditures	7,000
Debt Service	<u>900</u>
Total Expenditures	<u>\$53,455</u>
Excess of Revenues over Expenditures	<u>\$ 134</u>
Other Financing Sources (Uses):	
Proceeds of Debt	\$ 8,000
Transfer to Utility Fund	<u>(6,000)</u>
Total Other Financing Sources (Uses)	<u>\$ 2,000</u>
Excess of Revenues and Other Financing Sources (Uses) over Expenditures	<u>\$ 2,134</u>
Fund Balance-Beginning of Year	<u>53,024</u>
Fund Balance-End of Year	<u>\$55,158</u>

See accompanying notes and independent accountant's review report.

Village of Provencal
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2013

Total Net Change in Fund Balance at June 30, 2013, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 2,134
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The Change in Net Position
reported for Governmental Activities
in the Statement of Activities is different because:

Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of capital assets recorded in the current period is	7,000
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Depreciation expense on capital assets is reported in the Government-wide financial statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is:	(867)
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Proceeds of Long-term Debt are shown as revenues in the Government Fund, but the debt increases Long-term Liabilities in the Statement of Net Position	(8,000)
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Payments made on Long-term Debt are shown as expenditures in the Governmental Fund, but the payments reduce Long-term Liabilities in the Statement of Net Position.	<u>900</u>
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Total changes in Net Position at June 30, 2013, per Statement of Activities	<u>\$ 1,167</u>
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See accompanying notes and independent accountant's review report.

Village of Provencal
Statement of Net Position
Proprietary Fund
June 30, 2013

ASSETS:

Current Assets-

Cash and Cash Equivalents	\$ 10,061
Accounts Receivable	<u>15,892</u>
Total Current Assets	\$ <u>25,953</u>

Noncurrent Assets-

Restricted Assets-

Customers' Account Deposits	\$ 16,206
Bond Covenant Accounts	30,421
Capital Assets (Net)	<u>1,474,519</u>

Total Noncurrent Assets \$1,521,146

Total Assets \$1,547,099

LIABILITIES:

Current Liabilities-

Accounts/Other Payables	\$ 485
Due to Other Funds	28,678
Accrued Interest Payable	394
Current Portion of Long-Term Debt - Bond	<u>8,000</u>

Total Current Liabilities \$ 37,557

Noncurrent Liabilities-

Customers' Deposits Payable	\$ 23,670
Long-Term Debt - Bond	<u>7,750</u>

Total Noncurrent Liabilities \$ 31,420

Total Liabilities \$ 68,977

NET POSITION:

Net Investment in Capital Assets	\$1,458,769
Restricted for Debt Service	15,750
Unrestricted	<u>3,603</u>

Total Net Position \$1,478,122

See accompanying notes and independent accountant's review report.

Village of Provencal
Statement of Revenues, Expenses, and Change in Net Position
Proprietary Fund
For the Year Ended June 30, 2013

OPERATING REVENUES:	
Utility Sales & Miscellaneous	\$ <u>238,882</u>
OPERATING EXPENSES:	
Gas Purchased	\$ 29,882
Maintenance	91,014
Salaries	47,981
Depreciation	61,642
Utility/Telephone	25,190
Office Expenses	15,533
Insurance	13,094
Taxes & Licenses	9,845
Miscellaneous	<u>5,591</u>
Total Operating Expenses	\$ <u>299,772</u>
Operating Income (Loss)	\$ <u>(60,890)</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest Income	\$ 121
Interest Expense	(3,271)
Transfer-In	6,000
LGAP-Operating Grant	123,381
LGAP-Expenses	<u>(119,250)</u>
Total Non-Operating Revenues (Expenses)	\$ <u>6,981</u>
Change in Net Position	\$ (53,909)
Net Position-Beginning of Year	<u>1,532,031</u>
Net Position-End of Year	<u>\$1,478,122</u>

See accompanying notes and independent accountant's review report.

Village of Provencal
Statement of Cash Flows
Proprietary Fund
June 30, 2013

	<u>Business Type Activities</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 225,327
Cash Payments to Suppliers for Goods and Services	(184,149)
Cash Paid to Employees	<u>(47,981)</u>
Net Cash Used by Operating Activities	\$ <u>(6,803)</u>
Cash Flows from Non-Capital Financing Activities:	
LGAP Grant Revenue	\$ 137,770
LGAP Grant Expenses	(119,250)
Transfers from Other Funds	<u>6,000</u>
Net Cash Provided by Non-Capital Financing Activities	\$ <u>24,520</u>
Cash Flows from Capital and Related Financing Activities:	
Principal Paid on Capital Debt	\$ (16,694)
Interest Paid on Capital Debt	(3,677)
Payments to Bond Covenant Accounts	<u>(3,033)</u>
Net Cash (Used) for Capital and Related Financing Activities	\$ <u>(23,404)</u>
Cash Flows from Investing Activities:	
Interest Income	\$ <u>121</u>
Net Cash Provided by Investing Activities	\$ <u>121</u>
Net Decrease in Cash and Cash Equivalents	\$ (5,566)
Cash and Cash Equivalents at Beginning of Year	<u>15,627</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>10,061</u></u>

Continued next page.

See accompanying notes and independent accountant's review report.

Village of Provencal
Statement of Cash Flows
Proprietary Fund
June 30, 2013

	<u>Business Type Activities</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (60,890)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	61,642
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(7,610)
(Increase)/Decrease in Customer Deposit Accounts	(7,138)
Increase/(Decrease) in Accounts Payable	(3,760)
Increase/(Decrease) in Other Payables	10,953
Total Adjustments	<u>\$ 54,087</u>
Net Cash (Used) by Operating Activities	<u>\$ (6,803)</u>

See accompanying notes and independent accountant's review report.

NOTES TO FINANCIAL STATEMENTS

Village of Provencal
Notes to Financial Statements
June 30, 2013

Introduction:

The Village of Provencal, Louisiana, is incorporated under the Lawrason Act with a Mayor-Board of Aldermen form of government. The executive branch of government is headed by the Mayor and a Legislative branch consisting of three Aldermen.

This report includes all funds which are controlled or dependent on the Village of Provencal's executive and legislative branches (the Mayor and Aldermen). Control by or dependence on the Village of Provencal was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of government body, and other general oversight responsibility.

The Village's operations include police, streets and drainage, and general and administrative services. In addition, the Village operates a Utility System which provides water, sewer and gas services.

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY-

The Village is the basic level of government which has financial accountability and control over all activities related to the Village operations and services provided. The Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Village Mayor and Board of Aldermen are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Village's reporting entity.

The financial statements of the Village of Provencal, Louisiana are prepared in accordance with generally accepted accounting principles (GAAP). The Village of Provencal's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

B. BASIS OF PRESENTATION-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Village of Provençal
Notes to Financial Statements
June 30, 2013

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. FUND ACCOUNTING-

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Village maintains two funds. One is categorized as a governmental fund and one is a proprietary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Village considers both funds to be major.

Governmental Fund -

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Village of Provençal
Notes to Financial Statements
June 30, 2013

Proprietary Fund -

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village's enterprise fund is the Utility Fund.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on

Village of Provencal
Notes to Financial Statements
June 30, 2013

long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Village.

F. CAPITAL ASSETS-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	3-11 years
Utility system and improvements	10-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

G. RESTRICTED ASSETS-

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. These covenants are more fully described in Note 5.

H. COMPENSATED ABSENCES-

There is no formal leave policy for the Village, therefore no entry is made to record compensated absences.

Village of Provencal
Notes to Financial Statements
June 30, 2013

I. EQUITY CLASSIFICATIONS-

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net resources are available, management applies unrestricted net resources first, unless a determination is made to use restricted net resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Village of Provençal
Notes to Financial Statements
June 30, 2013

- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

The General Fund has an unassigned fund balance of \$55,158. If applicable, the Village would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

J. ESTIMATES-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

K. OPERATING REVENUES AND EXPENSES-

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing noncapital financing, or investing activities.

L. EXPENDITURES/EXPENSES-

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

M. BUDGET-

Prior to the beginning of each fiscal year, the Village normally adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

Village of Provencal
Notes to Financial Statements
June 30, 2013

2. Cash and Cash Equivalents:

For reporting purposes, cash and cash equivalents include demand deposits, time deposits, and certificates of deposit. At June 30, 2013, the Village had cash and cash equivalents (collected bank balances) totaling \$72,618. Cash and cash equivalents are stated at cost, which approximates market. Under Louisiana law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a holding or custodial bank in the form of safekeeping receipts held by the Village. The deposits at June 30, 2013, were fully secured by FDIC Insurance.

3. Changes in Long-Term Debt:

The following is a summary of debt transactions of the Village for the year ended June 30, 2013:

	<u>Revenue Bonds</u>	<u>Notes</u>
Long-Term Debt Payable at July 1, 2012	\$ 30,750	\$ 1,694
Less: Payments	<u>(15,000)</u>	<u>(1,694)</u>
Long-Term Debt Payable at June 30, 2013	<u>\$ 15,750</u>	<u>\$ 0</u>

Bonds payable at June 30, 2013, are comprised of the following individual issues:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Total</u>
1975 Water Revenue Bonds	7-20-75	1-1-15	5%	<u>\$15,750</u>

In March 2010, the Village borrowed \$8,125 at 6.75% interest for 4 years from City Bank & Trust for the purchase of a "Bad Boy" Lightning 60 mower. This is to be repaid from the Utility Fund. At June 30, 2013, this debt had been paid.

The annual requirements to amortize debt outstanding as of June 30, 2013, including interest payments of \$1,175 are as follows:

	<u>Bond</u>
2014	\$ 8,787
2015	<u>8,138</u>
Total	<u>\$16,925</u>

In January 2013, the Village borrowed \$8,000 from City Bank & Trust for the purchase of a vehicle to be used for police operations. The note is due in full February 1, 2016. During the year, the Village had repaid \$900, leaving a balance of \$7,100 at June 30, 2013.

Village of Provencal
Notes to Financial Statements
June 30, 2013

4. Restricted Assets:

Restricted assets were applicable to the following at June 30, 2013:

Customers' Account Deposits	\$16,206
Bond Redemption Funds	26,918
Bond Contingency Fund	<u>3,503</u>
Total	<u>\$46,627</u>

5. Flow of Funds, Restriction on Use - Water Funds:

On May 2, 1975, the Village of Provencal borrowed \$157,000 from the Farmers Home Administration for the development of a water system, currently due to Berkadia. The note was secured by a revenue bond in the amount of \$157,000 and pledge of revenues from the sale of water. The establishment of a Reserve Bond Fund was required. The amount required was five percent of the monthly payment of the revenue bond. This amount is to be deposited monthly into the fund until there is accumulated therein an amount equal to the highest annual debt service payable in any future year - \$10,250.

The establishment of a depreciation and contingency fund was also required with an initial payment of \$2,000 into the fund. Monthly amounts of \$40 are to be set aside into this fund. The fund can be used for maintenance of the system.

6. Capital Assets:

Capital asset activity for the year ended June 30, 2013, is as follows:

Governmental Activities	Balance 07-01-12	Additions	Deletions	Balance 06-30-13
Capital Assets Depreciated:				
Building	\$ 41,190	\$ 0	\$0	\$ 41,190
Office Furniture, Fixtures & Equipment	40,378	0	0	40,378
Vehicles	<u>39,012</u>	<u>7,000</u>	<u>0</u>	<u>46,012</u>
Total Capital Assets	\$ <u>120,580</u>	\$ <u>7,000</u>	\$ <u>0</u>	\$ <u>127,580</u>
Less, Accumulated Depreciation:				
Building	\$ 38,883	\$ 168	\$0	\$ 39,051
Office Furniture, Fixtures & Equipment	40,378	0	0	40,378
Vehicles	<u>39,011</u>	<u>700</u>	<u>0</u>	<u>39,711</u>
Total Accumulated Depreciation	\$ <u>118,272</u>	\$ <u>868</u>	\$ <u>0</u>	\$ <u>119,140</u>
Net Capital Assets	\$ <u>2,308</u>	\$ <u>6,132</u>	\$ <u>0</u>	\$ <u>8,440</u>

Village of Provencal
Notes to Financial Statements
June 30, 2013

Business-Type Activities	Balance 07-01-12	Additions	Deletions	Balance 06-30-13
Capital Assets Not Depreciated:				
Land	\$ 38,250	\$ 0	\$0	\$ 38,250
Capital Assets Depreciated:				
General Equipment	12,875	0	0	12,875
Gas System	68,746	0	0	68,746
Water System	879,790	0	0	879,790
Sewer System	<u>1,446,625</u>	<u>0</u>	<u>0</u>	<u>1,446,625</u>
Total Capital Assets	<u>\$2,446,286</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$2,446,286</u>
Less, Accumulated Depreciation:				
General Equipment	\$ 1,682	\$ 1,762	\$0	\$ 3,444
Gas System	47,633	1,719	0	49,352
Water System	422,205	21,995	0	444,200
Sewer System	<u>438,605</u>	<u>36,166</u>	<u>0</u>	<u>474,771</u>
Total Accumulated Depreciation	<u>\$ 910,125</u>	<u>\$ 61,642</u>	<u>\$0</u>	<u>\$ 971,767</u>
Net Capital Assets	<u>\$1,536,161</u>	<u>\$(61,642)</u>	<u>\$0</u>	<u>\$1,474,519</u>

Depreciation expense for the General Fund of \$868 was charged to the General Government function.

Depreciation expense for the Utility Fund of \$61,642 was charged as follows:

General Equipment	\$ 1,762
Gas System	1,719
Water System	21,995
Sewer System	<u>36,166</u>
Total	<u>\$61,642</u>

7. Litigation:

At June 30, 2013, the Village was not a party in any outstanding civil suit seeking damages.

Village of Provencal
Notes to Financial Statements
June 30, 2013

8. Per Diem Payments:

Village Aldermen received the following payments for meeting attendance:

<u>Name</u>	<u>Amount</u>
Hugh Davis	\$ 250
Fred Ballard	450
Richard Luman	450
Buddy Boswell	<u>250</u>
Total	<u>\$1,400</u>

9. Receivables:

The following is a summary of receivables at June 30, 2013:

<u>Class of Receivable</u>	<u>Proprietary Fund</u>
Water Sales	\$ 6,780
Sewer Sales	4,681
Gas Sales	<u>4,431</u>
Total	<u>\$15,892</u>

10. Subsequent Events:

Management has evaluated events through March 20, 2014, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

Village of Provencal
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Budget Original/Final	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Licenses, Fees & Charges for Services	\$34,250	\$49,262	\$ 15,012
Fines & Forfeits	11,720	2,957	(8,763)
Interest	1,510	209	(1,301)
Miscellaneous	2,210	1,161	(1,049)
Total Revenues	<u>\$49,690</u>	<u>\$53,589</u>	<u>\$ 3,899</u>
EXPENDITURES:			
Current-			
General Government	\$31,920	\$42,897	\$(10,977)
Public Safety	17,770	2,658	15,112
Capital Expenditures	0	7,000	(7,000)
Debt Service	0	900	(900)
Total Expenditures	<u>\$49,690</u>	<u>\$53,455</u>	<u>\$ (3,765)</u>
Excess of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ 134</u>	<u>\$ 134</u>
Other Financing Sources (Uses):			
Proceeds of Debt	\$ 0	\$ 8,000	\$ 8,000
Transfer to Utility Fund	0	(6,000)	(6,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>
Excess of Revenues and Other Financing Sources	<u>\$ 0</u>	<u>\$ 2,134</u>	<u>\$ 2,134</u>
Fund Balance-Beginning of Year	<u>53,024</u>	<u>53,024</u>	<u>0</u>
Fund Balance-End of Year	<u>\$53,024</u>	<u>\$55,158</u>	<u>\$ 2,134</u>

See independent accountant's review report.

SUPPLEMENTARY INFORMATION

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation

Roger M. Cunningham, CPA - A Professional Corporation

Jessica H. Broadway, CPA - A Professional Corporation

Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Randy Dupree, Mayor
and Village Aldermen
Village of Provencal, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Village of Provencal and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Provencal's compliance with certain laws and regulations during the year ended June 30, 2013, included in the Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

PUBLIC BID LAW

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

All applicable expenditures were found to be in compliance.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1224 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list, including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the listing obtained from management in agreed-upon procedures (2) as immediate family members.

None of the employees included on the list of employees provided by management [(agreed-upon procedure (3))] appeared on the list provided by management in agreed-upon procedure (2).

BUDGETING

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget, there were no amendments.

6. Trace the budget adoption to the minute book.

We were able to trace the budget adoption to the minute book.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

The actual expenditures were more than budgeted expenditures by more than the 5% allowed.

ACCOUNTING AND REPORTING

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six disbursements and found that the payments were for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account:

All payments examined were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities:

All payments examined were properly approved by the proper authorities.

MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Village is only required to post a notice of each meeting and the accompanying agenda on the door of the Village's office building.

DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds, or other indebtedness that had not been approved by the State Bond Commission.

ADVANCES AND BONUSES

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances, or gifts.

None found.

Our prior report dated February 4, 2013, contained one finding: a violation of the Local Government Budget Act.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village of Provencal and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

March 20, 2014
Natchitoches, Louisiana

VILLAGE OF PROVENCAL
LOUISIANA ATTESTATION QUESTIONNAIRE

Johnson, Thomas & Cunningham, CPA's
321 Bienville Street
Natchitoches, LA 71457

In connection with your review of our financial statements as of June 30, 2013, and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of 8/20/13.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463, where applicable.

Yes ☒ No ☐

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:1 through 42:13.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes ☒ No ☐

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Secretary

Jimmy Dupree
Mayor

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
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Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

March 20, 2014

Village of Provencal
P. O. Box 400
Provencal, LA 71468

RE: Management letter
Review Report – June 30, 2013

We have performed our review of the Village of Provencal and have applied certain agreed-upon procedures. As part of those procedures, we have the following information to report to you.

1. LA Revised Statutes require that a budget for the General Fund be amended if actual revenues are less than budgeted revenues by 5% or more, and/or actual expenditures exceed budgeted expenditures by 5% or more. For the year ended June 30, 2013, the Village failed to amend the budget when the actual expenditures exceeded budgeted expenditures by more than 5% as allowed. We recommend that the Village institute procedures to ensure the budget for the General Fund is amended whenever actual revenues are less than budgeted revenues by more than 5% and/or actual expenditures are more than budgeted expenditures by more than the 5% allowed.
2. LA Revised Statutes require that financial reports be submitted to the Legislative Auditor within six months after the end of their fiscal year. For the year ended June 30, 2013, the Village did not submit the report on time. We recommend the Village ensure, in the future, the necessary information will be provided, within 45 days after year-end, to the independent CPA for review.
3. LA Revised Statutes require that before a political subdivision (Village) borrows money, the Village must have approval of the State Bond Commission. For the year ended June 30, 2013, the Village had borrowed \$8,000 from a local bank without seeking approval of the State Bond Commission. We recommend the Village institute procedures to ensure State Bond Commission's approval is received prior to borrowing any additional funds.

Sincerely,

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

Village of Provencal

1968 Hwy. 117 • P.O. Box 400 • Provencal, Louisiana 71468-0400
(318) 472-1757 • (318) 472-8767 • Fax (318) 472-8670

Fred Ballard - Alderman
Cecil Boswell - Alderman



Harry Voight - Police Chief
Richard Luman - Mayor Pro-Tem

Randy Dupree - Mayor

March 20 2014

Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804s

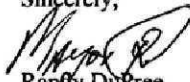
Re: Village of Provencal
Financial Report-June 30, 2013

The following is our response to the managements letter issued to us by the firm Johnson, Thomas & Cunningham, CPA's for the year ended June 30, 2013:

Management's Corrective Action Plan

1. We will ensure that in the future, the budget will be amended if either actual revenues or actual expenditures do not meet the 5% variance allowed.
2. We will ensure that, in the future, all necessary information will be provided to the independent CPA firm for preparation of the Village's annual report within 45 days after the end of our fiscal year.
3. We will ensure any future borrowings are done in compliance with state law and when necessary, Bond Commission approval will be obtained.

Sincerely,


Randy Dupree
Mayor

cc: td